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ADEQ Director Owens Announces \$140,000 Penalty against UPCO for Hazardous Waste and Air Quality Violations

PHOENIX (April 2, 2008) – Arizona Department of Environmental Quality (ADEQ) Director Steve Owens announced today that Universal Propulsion Company (UPCO) will pay a \$140,000 civil penalty for hazardous waste and air quality violations at the company's Propulsion Systems facility located at 25401 N. Central Ave. in Phoenix.

ADEQ issued four Notices of Violation (NOVs) to the company between 2002 and 2006 for violations concerning the hazardous waste ammonium perchlorate, a man-made inorganic salt used since the late 1940s as a component in solid rocket fuel, munitions and pyrotechnics.

"We are committed to ensuring that UPCO's operations do not pose a risk to residents in the area as long as it continues to operate there," Director Owens said. "This penalty reflects the serious nature of the violations that have occurred at this facility."

The facility manufactures ejection seat rocket motors, cartridge actuated devices and other explosive devices, many of which rely on perchlorate as their propellant. UPCO has informed ADEQ that it is in the process of phasing out operations in the north Phoenix Propulsion site.

In September 2002, hundreds of residents living in the area of UPCO were evacuated for 12 hours when a fire at the facility caused more than 3,000 pounds of the propellant ammonium perchlorate to explode. The explosion propelled the perchlorate into the environment and burned vegetation. ADEQ inspectors found the propellant was improperly stored. A follow-up inspection in December 2002 showed that the substance was then being properly and safely stored.

But in March 2004 ADEQ discovered that the company was once again failing to properly manage, store and label perchlorate. ADEQ also found the company was violating its permit by failing to install the required control devices to prevent explosions.

Perchlorate, when ingested, can restrict the absorption of iodide by the thyroid gland. Continual disruption of the thyroid gland can impede the ability of the gland to produce thyroid hormones that regulate metabolism and growth. Infants and pregnant women are particularly susceptible.

In September 2004, ADEQ again inspected the facility in response to complaints by local residents of smoke and noise from open burning. Air quality violations included open burning of waste without a permit, failure to submit a list of alternative disposal options to ADEQ, and failure to properly document weather conditions during open burns.

In October 2004, UPCO entered into a Consent Order with ADEQ which restricted further open burning and required additional monitoring of emissions until an alternative method of disposal was found. In late 2004, UPCO permanently shut down its burning operations and in early 2005 began off-site disposal of hazardous wastes which had been formerly burned.

In addition to paying the \$140,000 civil penalty, the company also will pay \$25,000 to Phoenix Children's Hospital for use in the Air Quality Flag Program, which monitors and informs students, parents, and community members about daily air quality.